

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PA-04 PRS-01 USIA-15 IO-14 NEA-10 DRC-01

AGR-20 CU-04 /203 W

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P 190843Z NOV 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9257

INFO AMEMBASSY BANGKOK PRIORITY

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 3/31/73

TAGS: EAID, EFIN, TH

SUBJ: PROPOSED ADB LOANS FOR VOCATIONAL EDUCATION PROJECT
(THAILAND)

SUMMARY: ADB MANAGEMENT PROPOSED TWO LOANS TOTALING
\$6.4 MILLION EQUIVALENT (\$3.3 MILLION FROM ORDINARY
CAPITAL RESOURCES AND \$3.1 MILLION FROM SPECIAL FUNDS
RESOURCES) TO KINGDOM OF THAILAND TO FINANCE FOREX
COSTS OF RE-EQUIPPING FOUR TECHNICAL INSTITUTES WITH
MODERN TEACHING EQUIPMENT, TEACHER TRAINING PROGRAM
ABROAD, ADDITIONAL SKILLS TRAINING EQUIPMENT FOR
EXISTING NATIONAL INSTITUTE FOR SKILLS DEVELOPMENT
AND FOR THREE REGIONAL MULTI-PURPOSE SKILLS TRAINING
CENTERS TO BE ERECTED, AND PROVISION OF RELATED CONSULTANT
SERVICES. USADB RECOMMENDS FAVORABLE NAC ACTION. END SUMMARY.

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1. ADB DOC R98-73 WITH ATTACHMENTS DESCRIBING PROPOSED LOANS POUCHED ADDRESSEES NOV 14. BOARD CONSIDERATION SCHEDULED DEC 4.

2. ADB MANAGEMENT PROPOSING BLENDING OF \$3.3 MILLION LOAN FROM ORDINARY CAPITAL RESOURCES AND \$3.1 MILLION FROM SPECIAL FUNDS RESOURCES (TOTAL \$6.4 MILLION) TO KINGDOM OF THAILAND. PROCEEDS WILL FINANCE FOREX COST OF (A) CONSTRUCTION AND PROVISION OF EQUIPMENT AND FURNITURE FOR THREE REGIONAL INSTITUTES FOR SKILLS DEVELOPMENT IN LAMPANG (NORTH THAILAND), CHONBURI (SOUTHEAST OF BANGKOK) AND RATCHABURI (WEST OF BANGKOK) AND ADDITIONAL EQUIPMENT FOR EXISTING NATIONAL INSTITUTE FOR SKILLS DEVELOPMENT (NISD) IN BANGKOK; (B) UPGRADING OF FOUR EXISTING TECHNICAL INSTITUTES IN BANGKOK, SONGHKLA (IN SOUTH), KORAT (IN NORTHEAST) AND CHIANGMAI (IN NORTH) BY REPAIRING OR REPLACING OLD OR OBSOLETE BUILDINGS, EQUIPMENT, FURNITURE AND MACHINERY AND ADDITIONAL IMPORTATION OF MODERN EQUIPMENT AND MACHINERY, INCLUDING A TEACHER TRAINING PROGRAM ABROAD; AND (C) RELATED CONSULTANT SERVICES. PROPOSED TERMS ARE 20 YEAR AMORTIZATION INCLUDING 5 YEAR GRACE PERIOD, 7 1/2 PERCENT INTEREST FOR ORDINARY CAPITAL LOAN AND 40 YEAR AMORTIZATION INCLUDING 10 YEAR GRACE PERIOD, 1 PERCENT INTEREST (WITH AMORTIZATION PAYMENTS OF 2 PERCENT PER ANNUM DURING FIRST 10 YEARS AND 4 PERCENT PER ANNUM FOR SUBSEQUENT 20 YEARS) FOR SPECIAL FUNDS LOAN. KINGDOM OF THAILAND TO BE BORROWER AND EXECUTING AGENCIES WILL BE DEPT OF VOCATIONAL EDUCATION (DOVE), MINISTRY OF EDUCATION, FOR UPGRADING OF FOUR TECHNICAL INSTITUTES AND DEPT OF LABOR (DOL), MINISTRY OF INTERIOR, FOR ESTABLISHMENT OF THREE MULTI-PURPOSE SKILLS TRAINING CENTERS.

3. WHILE AGRICULTURAL SECTOR WILL CONTINUE TO PROVIDE MAJOR EMPLOYMENT OPPORTUNITIES FOR ESTIMATED 500,000 YOUTHS ENTERING LABOR FORCE EACH YEAR, EMPLOYMENT IN NON-AGRICULTURAL SECTOR OF ECONOMY IS GROWING -- ESTIMATED TO GROW AT ANNUAL AVERAGE OF ABOUT THREE PERCENT FROM 1971 TO 1976 AND AT HIGHER RATE IN SUBSEQUENT YEARS. IN RECENT YEARS, START MADE TO DEVELOP AND IMPROVE VOCATIONAL EDUCATION AND TRAINING FACILITIES AND IMPROVE MANPOWER SKILLS. LIMITED OFFICIAL USE

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THIS INCLUDED SETTING UP NATIONAL INSTITUTE FOR SKILLS DEVELOPMENT (NISD) IN BANGKOK WITH UNDP/ILO ASSISTANCE, BY UPGRADING FACILITIES OF THREE TECHNICAL INSTITUTES IN BANGKOK WITH ASSISTANCE FROM UNESCO, JAPAN AND WEST GERMANY, AND SETTING UP 14 NEW TRADE AND INDUSTRIAL SCHOOLS AT UPPER SECONDARY LEVEL UNDER 1966 IBRD LOAN. USAID HAS BEEN ACTIVE IN TEACHER TRAINING AND SECONDARY VOCATIONAL EDUCATION. OTHER BILATERAL ASSISTANCE FOR

VOCATIONAL AND TECHNICAL EDUCATION RECEIVED FROM AUSTRIA, CANADA AND UNITED KINGDOM SINCE EARLY 1960S. DEVELOPMENTS IN VOCATIONAL EDUCATION TO DATE MAINLY BENEFITED BANGKOK AREA. GOVT HAS RECOGNIZED THAT SERIOUS SHORTAGE OF TECHNICALLY TRAINED WORKERS, ESPECIALLY IN RURAL AREAS, IS MAJOR OBSTACLE TO REGIONAL INDUSTRIAL DEVELOPMENT, AND HAS INCLUDED EXTENSION OF NISD ACTIVITY INTO PROVINCES IN THIRD FIVE-YEAR PLAN (1972-1976).

4. MAIN OBJECTIVES OF PROPOSED PROJECT ARE TO IMPROVE QUALITY OF TRAINING AND TEACHING AND CONSEQUENTLY OF STUDENTS AND WORKERS AT FOUR EXISTING TECHNICAL INSTITUTES AND THREE PROPOSED REGIONAL MULTIPURPOSE SKILLS TRAINING CENTERS (RMSTCS), AND TO DECENTRALIZE TRAINING TO PROVIDE SKILLED PERSONNEL IN PROVINCES AS INCENTIVE TO INDUSTRY TO INCREASE INVESTMENT OUTSIDE BANGKOK AREA. PROPOSED BANK-FINANCED PROJECT CONSISTS OF TWO SUB-PROJECTS. (A) DOVE SUB-PROJECT INVOLVES IMPROVEMENT OF INDUSTRIAL TECHNICIAN TRAINING PROGRAMS IN SIX COURSE AREAS AT FOUR OLDEST OF EIGHT EXISTING TECHNICAL INSTITUTES AND IS AIMED AT UPGRADING QUALITY OF TECHNICIAN GRADUATES RATHER THAN INCREASE NUMBERS. (TECHNICAL INSTITUTES OFFER COURSES AT UPPER AND POST-SECONDARY LEVEL TO GRADUATES OF UPPER-SECONDARY TRADE AND INDUSTRIAL SCHOOLS.)

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CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

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L-03 H-03 PA-04 PRS-01 USIA-15 IO-14 NEA-10 AGR-20

CU-04 DRC-01 /203 W

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P 190843Z NOV 73

FM AMEMBASSY MANILA

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FOR NAC AGENCIES

IMPROVEMENTS INCLUDE (I) NEWLY DEVELOPED NATIONAL STANDARDIZED TWO-YEAR TECHNICIAN TRAINING CURRICULUM TO BE IMPLEMENTED AND IMPROVED; (II) MODERN FIELD, WORK-SHOP AND LABORATORY EQUIPMENT TO BE PROCURED FOR REALISTIC IN-DEPTH TRAINING; (III) FOREIGN VOCATIONAL EDUCATION AND TRAINING EXPERTS TO BE PROVIDED TO DEVELOP ABOVE-MENTIONED TECHNICIAN CURRICULA AND TRAIN TEACHERS ON USE OF MODERN EQUIPMENT; AND (IV) TEACHER-TRAINING IN MODERN INDUSTRIAL PROCESSES AND TECHNIQUES TO BE PROVIDED FOR 40 WORKSHOP TEACHERS IN FOREIGN INDUSTRIES WITH COMPARABLE COUNTER-PARTS IN THAILAND -- TWENTY TEACHERS TO BE SENT ABROAD IN EARLY 1974 AND OTHER TWENTY TWELVE MONTHS LATER. IN ADDITION, DOVE PLANS TO SEND ABROAD, PREFERABLY TO U.S., WITH FINANCING EITHER FROM GOVT'S OWN RESOURCES OR FROM AVAILABLE GRANT BILATERAL ASSISTANCE, 21 DIVISION HEADS FROM FOUR TECHNICAL INSTITUTES FOR AVERAGE 2 1/2 YEAR PERIOD

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TO OBTAIN MASTERS DEGREE IN INDUSTRIAL EDUCATION (SEE PARA 82 OF LOAN DOCUMENT).

(B) DOL SUB-PROJECT INVOLVES ESTABLISHMENT OF MSTCS DIFFERENT INDUSTRIAL DEVELOPMENT REGIONS OUTSIDE BANGKOK AND PROVIDE VARIOUS TYPES OF SKILLS TRAINING FOR LOWER LEVEL MANPOWER. (TRAINING WILL BE OF SHORT TO MEDIUM TERM DURATION TO OUT-OF-SCHOOL YOUTHS AND UNEMPLOYED IN PROVINCES TO HELP THEM ACQUIRE BASIC SKILLS.) SUB-PROJECT PROVIDES FOR (I) TRAINING EQUIPMENT TO BE IMPORTED FOR THREE PROPOSED RMSTCS; (II) ADDITIONAL EQUIPMENT FOR NISD AT BANGKOK FOR TRAINING OF FUTURE STAFF FOR PROPOSED REGIONAL CENTERS, FOR ORGANIZATION AND DEVELOPMENT OF NEW COURSES, AND FOR TRAINING OF PERSONNEL IN MORE COMPLEX SKILLS TO MEET NEEDS OF VARIOUS INDUSTRIES; AND (III) ONE SHORT-TERM CONSULTANT FOR UP TO ONE YEAR'S DURATION TO ASSIST IN PROCUREMENT OF EQUIPMENT. IN ADDITION, UNDP/ILO WILL PROVIDE GRANT TECHNICAL ASSISTANCE IN FORM OF EXPERT SERVICES AND FELLOWSHIPS.

6. TOTAL COST OF PROJECT ESTIMATED AT \$11.624 MILLION, OF WHICH \$7.322 MILLION IS FOREIGN CURRENCY COMPONENT. BANK PROPOSES TO PROVIDE \$6.4 MILLION OF FOREX COMPONENT (\$4.0 MILLION FOR DOVE SUB-PROJECT AND \$2.4 MILLION FOR

DOL SUB-PROJECT) TO FINANCE EQUIPMENT, TOOLS AND SPARE PARTS, EXPERT SERVICES AND TEACHER TRAINING FELLOWSHIPS. REMAINING FOREX COMPONENT OF \$0.922 MILLION COVERING SOME EQUIPMENT, EXPERT SERVICES AND MASTERS DEGREE PROGRAM IN INDUSTRIAL EDUCATION TO BE MET FROM GOVT'S OWN RESOURCES (\$0.52 MILLION) AS WELL AS FROM APPROVED UNDP FUNDS (\$0.402 MILLION). GOVT HAS APPROVED BUDGETARY ALLOCATIONS FOR LOCAL CURRENCY REQUIREMENTS OF PROJECT FOR YEARS 1973-1976 AND HAS GIVEN ASSURANCES TO PROVIDE ANY ADDITIONAL LOCAL CURRENCY AS AND WHEN NEEDED.

7. TOTAL AMOUNT OF \$3.1 MILLION SPECIAL FUNDS LOAN TO BE ALLOCATED FOR PROCUREMENT OF EQUIPMENT, \$3.3 MILLION ORDINARY CAPITAL LOAN TO BE ALLOCATED AS FOLLOWS: \$2.038 MILLION FOR EQUIPMENT, \$480,000 FOR CONSULTANTS AND EXPERTS, \$280,000 FOR OVERSEAS FELLOWSHIPS AND \$502,000 UNALLOCATED (CONTINGENCIES). PROCUREMENT OF GOODS TO BE LIMITED OFFICIAL USE

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IN ACCORDANCE WITH BANK'S GUIDELINES FOR PROCUREMENT, WITH EQUIPMENT GROUPED INTO ECONOMICAL BID PACKAGES. (SPECIAL FUNDS PROCUREMENT TO BE LIMITED TO ELIGIBLE SOURCE COUNTRIES). CONSULTANTS TO BE SELECTED IN ACCORDANCE WITH BANK'S GUIDELINES ON USES OF CONSULTANTS. SUPPLY CONTRACTS OF \$50,000 OR MORE TO BE AWARDED ON BASIS OF INTERNATIONAL COMPETITIVE BIDDING, WITH BANK'S PRIOR APPROVAL REQUIRED OF TENDER DOCUMENTS TO BE ISSUED AND ADVERTISING PROCEDURES TO BE FOLLOWED BEFORE INVITING BIDS. BANK'S APPROVAL ALSO REQUIRED BEFORE CONTRACT AWARDS. (SEE SIDE LETTER NO. 2) CONTRACTS OF LESS THAN \$50,000 TO BE PROCURED ON BASIS OF BIDS OR QUOTATIONS FROM REASONABLE NUMBER OF SUPPLIERS FROM MORE THAN ONE ELIGIBLE COUNTRY.

8. DOVE AND DOL -- RESPECTIVE EXECUTING AGENCIES FOR TWO SUB-PROJECTS -- WILL EACH SET UP PROJECT IMPLEMENTATION OFFICE TO BE HEADED BY EXPERIENCED FULL TIME PROJECT MANAGER WITH EXPERIENCED STAFF. FOREIGN EXPERTS FINANCED BY BANK AND UNDP/ILO WILL ASSIST PROJECT OFFICES. SUB-PROJECTS ESTIMATED TO TAKE FOUR TO 4 1/2 YEARS.

9. TO DATE, BANK'S LENDING TO THAILAND HAS BEEN ENTIRELY FROM ORDINARY CAPITAL RESOURCES. BANK MANAGEMENT RECOMMENDS THAT FINANCING FOR THIS PROJECT BE EXTENDED ON CONCESSIONAL TERMS, TAKING INTO CONSIDERATION (A) COUNTRY'S EXTERNAL DEBT SITUATION EXPECTED TO BECOME MORE DIFFICULT BEYOND 1976 BECAUSE OF HEAVY USE OF FOREIGN LOANS IN THAILAND'S DEVELOPMENT PLANS; (B) WORLD BANK GROUP ALREADY PROVIDING SOME CONCESSIONAL ASSISTANCE TO THAILAND FOR EDUCATION AND IRRIGATION; AND (C) LONG-TERM GESTATION PERIOD OF EDUCATIONAL PROJECTS. RECOMMENDATION IS TO

PROVIDE ASSISTANCE HERE BASED ON SAME GRANT ELEMENT (49 PERCENT) AS IN LAST PREVIOUS LOAN FOR VOCATIONAL EDUCATION APPROVED MARCH 23, 1972 FOR KOREA.

10. PROPOSED PROJECT WILL ASSIST IN MEETING INCREASING DEMAND FOR WELL QUALIFIED INDUSTRIAL TECHNICIANS AND GROWING MANPOWER REQUIREMENTS OF MOST INDUSTRIES AND TRADES FOR BETTER SKILLED WORKERS AND LOWER LEVEL TECHNICIANS, PARTICULARLY IN PRIORITY REGIONS OUTSIDE BANGKOK. SKILLS TRAINING FACILITIES WILL BENEFIT OUT-OF-LIMITED OFFICIAL USE

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SCHOOL YOUTH, UNEMPLOYED ADULTS AND EX-SERVICEMEN. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

11. REQUEST BANGKOK'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VOCATIONAL TRAINING, SUPPLIES, COSTS, BANK LOANS, VOCATIONAL SCHOOLS, BUILDINGS, TEACHER TRAINING, EDUCATIONAL MATERIALS, PROPOSALS (BID), FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 19 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA12965
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731126/aaaaasor.tel
Line Count: 299
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 01 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Feb-2002 by martinjw>; APPROVED <06 MAR 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED ADB LOANS FOR VOCATIONAL EDUCATION PROJECT (THAILAND)
TAGS: EAID, EFIN, TH, ADB-1
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005